

SIGIR INVESTIGATIONS

Over the past three years, SIGIR's investigative footprint has expanded in Iraq and the United States. SIGIR now has 19 investigators on staff, all of whom are former federal law enforcement agents. Eight of these agents are assigned to Baghdad; the others investigate cases assigned to the Arlington, Virginia office. SIGIR continues to field the largest number of fraud investigators in Iraq.

This quarter, SIGIR continued to work closely in Iraq and Kuwait with agents from the Major Procurement Fraud Unit (MPFU) of the U.S. Army Criminal Investigation Division (CID), DoD Office of Inspector General (OIG) Defense Criminal Investigative Service (DCIS), Department of State (DoS) OIG, Federal Bureau of Investigation (FBI), and U.S. Agency for International Development (USAID) OIG.

SIGIR investigators are working on 79 ongoing investigations. Of these cases, 28 await prosecution at the Department of Justice (DoJ). SIGIR's work to date has resulted in 10 arrests, one 25-count indictment of 5 people, 5 convictions, 3 imprisonments, \$3.6 million in restitution orders, and \$9.5 million in recovered and seized assets.

SIGIR continued its work this quarter with five other agencies in the International Contract Corruption Task Force:

- MPFU, U.S. Army CID
- DoS OIG Criminal Investigations Directorate
- USAID OIG
- DCIS
- FBI

SIGIR is also a member of several subcommittees of the DoJ National Procurement Fraud Task Force (NPFTF), most notably the International Working Committee (IWC)—a valuable link between federal law enforcement agencies and DoJ. SIGIR investigators also worked closely with the DoJ Commercial Litigation Section, Civil Division, pursuing civil remedies against individuals and companies.

International Contract Corruption Task Force/Joint Operations Center

SIGIR continued work on the International Contract Corruption Task Force through the Joint Operation Center (JOC) at SIGIR headquarters in Arlington, Virginia. The JOC gathers intelligence and disseminates information on corruption and fraud investigations.

To date, the JOC has enabled the federal law enforcement community engaged in Iraq investigations to effectively share target information and case intelligence. The JOC is producing a steady flow of federal law enforcement actions that will continue to develop over the next quarters.

Legal Actions this Quarter

This quarter, the legal process resulted in indictments, pleas, restitutions, and sentences for individuals involved in the Bloom-Stein conspiracy in Hilla, Iraq. Uncovered by SIGIR, the scheme would have defrauded the CPA of more than \$8.6 million.³⁹⁶

On February 7, 2007, U.S. Army Colonel Curtis G. Whiteford, U.S. Army Lt. Colonels Debra M. Harrison and Michael B. Wheeler, and civilians Michael Morris and William Driver were indicted for various crimes related to the scheme. Whiteford, Robert Stein's deputy in the comptroller's office, was charged with 1 count of conspiracy, 1 count of bribery, and 11 counts of wire fraud. Harrison, who oversaw the expenditure of CPA funds for reconstruction projects, was charged with 1 count of conspiracy, 1 count of bribery, 11 counts of wire fraud, 4 counts of interstate transport of stolen property, 1 count of bulk cash smuggling, 4 counts of money laundering, and 1 count of preparing a false tax form.

Wheeler, an advisor for CPA projects for Iraq reconstruction, was charged with 1 count of conspiracy, 1 count of bribery, 11 counts of wire fraud, 1 count of interstate transport of stolen property, and 1 count of bulk cash smuggling.

William Driver, Harrison's husband, was charged with 4 counts of money laundering. Michael Morris, who worked for Philip Bloom as a middle-man in the criminal scheme, was charged with 1 count of conspiracy and 11 counts of wire fraud.

On February 16, 2007, Steven Merkes, a former U.S. Air Force Master Sergeant working for DoD in Germany, pled guilty in U.S. District Court for accepting illegal bribes from Phillip Bloom. Merkes accepted the bribes in exchange for furnishing Bloom with sensitive contract information before awarding con-

tracts to Bloom. Merkes faces incarceration of 12-18 months, conditions of supervised release, and restitution orders by the court.

In another matter this quarter, on February 2, 2007, Faheem Mousa Salam was sentenced to 3 years in prison, 2 years of supervised release, and 250 hours of community service for offering a bribe to an Iraqi police official. In August 2006, Salam, a naturalized U.S. citizen employed by Titan Corporation, pled guilty to violating the Foreign Corrupt Practices Act.

Suspensions and Debarments

Since December 2005, SIGIR has worked closely with DoJ, CID, DCIS, and the Army Legal Service Agency's Procurement Fraud Branch to suspend and debar contractors in cases of fraud or corruption within the Army, including those involving Iraq reconstruction or Army support contracts in Iraq. These cases arise both from criminal indictments filed in federal district courts and allegations of contractor irresponsibility requiring fact-based examination by the Army's Suspension and Debarment Official.

To date, Army CID has suspended 19 individuals or companies based on allegations of fraud and misconduct connected to Iraq reconstruction and Army support contracts. In addition, 16 other individuals or companies have been proposed to the Army Suspension and Debarment Official for debarment, and 9 have been debarred.

This quarter, as a result of SIGIR oversight, the Army has asked Parsons Corporation

(Parsons) to show cause why the firm should not be proposed for debarment. On March 27, 2007, the Army's Suspension and Debarment Official sent a letter to Parsons, which stated, "As the result of allegations made by the Special Inspector General for Iraq Reconstruction regarding contracts awarded to Parsons by the U.S. Army Corps of Engineers, Gulf Region Division, the effectiveness of your company's standards of conduct and internal control systems have come into question." The letter asked Parsons to provide specific information for the Army to use in its deliberative process.

For details on suspensions and disbarments, see Appendix K.

SIGIR-issued Subpoenas

This quarter, to gather information from contractors and other sources, SIGIR investigators have issued a number of Inspector General Subpoenas under the Inspector General Act of 1978, as amended. Also, SIGIR recently asked contractors for data on their internal investigations and audits.

Proposed New Legislation

SIGIR notes that the Congress is currently considering new legislation to strengthen efforts to punish fraud, waste, and abuse of funds in Iraq and elsewhere. SIGIR supports the enactment of this new law and will coordinate fully with DoJ to enforce it.